



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

m/045/017
Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

March 27, 1985

TO: Board of Oil, Gas and Mining
FROM: Pamela Grubaugh-Littig, Reclamation Engineer *pgl*
RE: Status of Getty Contract, Mercur Project, ACT/045/017,
Tooele County, Utah

The Board of Oil, Gas and Mining entered into a Mined Land Reclamation Contract with Getty Minerals Company on April 28, 1983. This contract provided that Getty Minerals Company submit to the Division of Oil, Gas and Mining on or before April 1, throughout the term of the agreement, an approved United States Securities and Exchange Commission (SEC) Form 10-K Statement of Getty Oil Company containing financial information of Getty Minerals Company for the preceding year.

On February 17, 1984, all of the issued and outstanding common stock of Getty Oil Company was acquired by a subsidiary of Texaco, Inc. As a result of the acquisition, Getty Oil Company ceased to be a publicly-held corporation and no longer prepares SEC filings, including Form 10-K.

At the present time, Texaco, Inc., is involved in negotiations to sell the Mercur Porject.

If you have any recommendations about further information that may be needed from Getty or Texaco, please let me know.

btb
Attachment
9075R-49

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Board of Oil, Gas and Mining
4241 State Office Building
Salt Lake City, Utah 84114

MINED LANDS RECLAMATION CONTRACT

THIS CONTRACT, made and entered into this 28th
day of April, 19 83, between GETTY MINERALS
COMPANY, formerly Getty Mining Company, (hereinafter "Getty"), a
corporation duly authorized and existing under and by virtue of
the laws of the State of Delaware, and the BOARD OF OIL, GAS, AND
MINING (hereinafter the "Board"), duly authorized and existing by
virtue of the laws of the State of Utah.

WITNESSETH:

WHEREAS, Getty is the owner, controller, and/or presently in
possession of certain mining claims and/or leases located in the
Camp Floyd Mining District situated in Tooele and Utah Counties,
State of Utah.

WHEREAS, Getty Mineral Resources Company, predecessor to
Getty, did, on the 10th day of March, 1981, duly file with the
Division of Oil, Gas, and Mining, a "Notice of Intention to Commence
Mining Operations" and a "Mining and Reclamation Plan" to secure
authorization to engage in certain mining operations in the State
of Utah, under the terms and provisions of the Mined Land Reclama-
tion Act, Section 40-8, UCA, 1953;

WHEREAS, Getty Mineral Resources Company did, on the 13th day
of October, 1981, duly execute with the Board a "Mined Lands Recla-
mation Contract", whereunder Getty, upon providing sufficient cor-
porate guarantees in lieu of a bond, promised and agreed to reclaim
certain affected mining lands in accordance with an approved mining

and reclamation plan, the Mined Land Reclamation Act and all applicable rules and regulations;

WHEREAS, Getty did on the 22nd day of March, 1982, duly file with the Division of Oil, Gas, and Mining, an amendment to the "Notice of Intention to Commence Mining Operations" and "Mining and Reclamation Plan" filed on or about March 10, 1981, thereby amending the authorization of the Board permitting Getty to engage in mining operations in the State of Utah, under the terms and provisions of the Mined Land Reclamation Act, Section 40-8, UCA, 1953;

WHEREAS, Getty is presently able and willing to reclaim the above referenced "affected mining lands" in accordance with the approved Mining and Reclamation Plan, as amended, the Mined Land Reclamation Act, and all applicable rules and regulations adopted in accordance therewith;

WHEREAS, the Board has duly considered the factual information and recommendations provided by the staff of the Division of Oil, Gas, and Mining as to the magnitude, type and cost of the approved reclamation activities designed for the affected mining lands;

WHEREAS, the Board is cognizant of the nature, extent, and duration of Getty's operations and Getty's financial status and its capabilities of carrying out and performing the designed reclamation activities; and,

WHEREAS, the current status of title to the aboveground mining and process equipment and facilities together with any and all liens, encumbrances and charges presently placed, charged or in force thereon, is as set forth in Exhibit "A" hereto, and by reference made a part hereof.

NOW THEREFORE, for and in consideration of the foregoing and the covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Getty promises and agrees to reclaim the affected mining lands in accordance with the approved Mining and Reclamation Plan, as amended, the Mined Land Reclamation Act, and all applicable rules and regulations adopted in accordance therewith;
2. The Board, in lieu of requiring the obtainment or posting by Getty of a bond or other surety, accepts the corporate guarantee of Getty to reclaim the affected mining lands;
3. The Board and Getty mutually agree that the reasonable salvage value of the above-ground mining and process equipment and facilities (hereinafter "fixed assets") shall be deemed to reduce the gross demolition expenses and costs of said fixed assets to an amount equivalent to Zero (-0-) Dollars ("net demolition expenses");
4. Getty promises and agrees that, if, at any time during pendency of this Agreement, Getty consents to or otherwise suffers the placement or charge of any lien or other encumbrance ("lien"), other than those specified in Exhibit "A" hereto, upon or against said fixed assets, then, prior to consenting to the placement or charge of the lien or, if done without the consent or knowledge of Getty, then within sixty (60) days from Getty's receipt of notice of the same, Getty shall a) obtain alternate security of a nature satisfactory to the Board in a sum equivalent to the amount of the new lien placed upon or charged against said fixed assets, or, at Getty's sole election and discretion, b) increase the total face amount of the corporate guarantee provided for by Getty in this Agreement in a sum equivalent to the amount of the new lien placed upon said fixed assets; Notwithstanding the foregoing provisions of this Paragraph 4, at no time shall the cumulative dollar amount of the alternate security obtained together with the increase in the face amount of Getty's corporate guarantee, if any, exceed the total sum of Nine Hundred Forty Six Thousand Dollars (\$946,000.00).
5. In the event that a lien, encumbrance or other charge is placed upon the subject fixed assets and Getty obtains alternate security and/or increases the face amount of its corporate guarantee, as provided in Paragraph 4 above, then, at such time as all or any part of said lien, encumbrance or charge is lifted or removed from said fixed assets, Getty may, at its sole option, reduce the total amount of such alternate security and/or the total face amount of its corporate guarantee an sum equivalent to the dollar amount of the lien, encumbrance or charge so lifted and/or removed.
6. The Board and Getty mutually agree that Getty shall not, absent a modification to the approved Mining and Reclamation Plan, be obligated by this Agreement to obtain or

maintain security of any kind, whether by corporate guarantee, bond, letter of credit or other surety vehicle of any type or character, in a total dollar amount in excess of Six Million Six Hundred Ninety One Thousand Three Hundred Thirty One Dollars (\$6,691,331.00).

7. The Board and Getty mutually agree that Getty shall not, absent a modification to the approved Mining and Reclamation Plan, be obligated to pay or otherwise expend a sum in excess of Five Million Seven Hundred Forty Five Thousand Three Hundred Thirty One (5,745,331.00) Dollars on or in connection with the reclamation work on the affected mining lands provided for herein;
8. The Board and Getty agree that within ten (10) days following the execution of this Agreement and then annually thereafter on or before April 1st, throughout the term of this Agreement, Getty shall supply to the Division of Oil, Gas and Mining an approved United States Securities and Exchange Commission Form 10-K Statement of Getty Oil Company containing financial information of Getty Minerals Company for the preceeding year;
9. The Board and Getty agree that, prior to the execution hereof, Getty shall supply, attach and incorporate herein as Exhibit "B", a duly executed guaranty document evidencing Getty Oil Company's corporate guarantee of the obligations and duties of Getty Minerals Company under this Agreement;
10. The Board and Getty mutually agree that the Mined Land Reclamation Contract, dated October 13, 1981, shall be superceded and controlled hereby; and
11. Should the Board at anytime determine that the corporate guaranty, as described in paragraph 2 of this Agreement, is no longer an acceptable method of insuring Getty's reclamation obligations, the Board reserves the right, subject to ninety (90) day prior written notice being given to Getty, to rescind this Agreement in its entirety.

IN WITNESS WHEREOF, the parties hereto have respectively set their hands and seals this 28th day of April, 19 83.

GETTY MINERALS COMPANY

By: [Signature]
Robert P. Blanc

Its: Vice-President

ATTEST:

[Signature]
Asst. Secretary

BOARD OF OIL, GAS, AND MINING

By: [Signature]
L.R. Henderson

Its: Chairman

EXHIBIT A
to
MINED LANDS RECLAMATION CONTRACT
dated
APRIL 28, 1983

As of April 28, 1983 Getty Minerals Company believes and represents that there exists no liens, encumbrances or charges placed, charged or enforced against the properties covered by the Mined Lands Reclamation Contract to which this Exhibit is attached.

EXHIBIT B

GUARANTY

Getty Minerals Company, signor of the "Mined Lands Reclamation Contract" to which this guaranty is attached, is a wholly owned subsidiary of Getty Oil Company. For value received, Getty Oil Company, by and through a duly authorized representative, hereby guarantees the performance of Getty Minerals Company in regard to its reclamation obligations at the Mercur Mine as more fully described in the "Notice of Intention to Commence Mining Operations" the "Mining and Reclamation Plan", as amended March 22, 1982, and the "Mined Lands Reclamation Contract" to which this guaranty is attached.

The maximum reclamation surety amount guaranteed hereby is Six Million Six Hundred Ninety One Thousand Three Hundred Thirty One Dollars (\$6,691,331.00), which amount shall represent the maximum liability of Getty Oil Company hereunder.

This guaranty shall remain in effect until the obligations of Getty Minerals Company under the attached "Mined Lands Reclamation Contract" have been satisfied or until Getty Minerals Company's liability under said Contract has been discharged, whichever first occurs. This guaranty shall further be revoked and/or discharged upon mutual assent of the parties hereto.

Dated this 7th day of APRIL, 1983.

GETTY OIL COMPANY

By: H. Edward Wendt
H. Edward Wendt *ECB*

Its: Vice President